

Written Statement of

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FEMA

**“Five Years after Katrina:
Where We Are and What We Have
Learned for Future Disasters”**

Before the

**Subcommittee on Economic Development, Public Buildings
and Emergency Management**

Committee on Transportation and Infrastructure

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I. Introduction

Good morning Chairwoman Norton, Ranking Member Diaz-Balart, and distinguished Members of the Subcommittee. My name is Tony Russell, and I am the Regional Administrator of the Federal Emergency Management Agency (FEMA) Region Six, which includes the states of Texas, Louisiana, New Mexico, Oklahoma and Arkansas. It is an honor to appear before you today on behalf of FEMA.

Before coming to Region Six, I served as Acting Director of the Louisiana Transitional Recovery Office (LATRO), where I worked with State, local and federal officials in order to help Louisiana recover from Hurricanes Katrina and Rita. In the years following these hurricanes, it became apparent that there were many impediments in the decision-making process that negatively impacted our recovery programs. I know from experience that when working with others, you can only move as fast as the speed of trust. Thus my first charge when I got to the LATRO was to foster trust between FEMA representatives and state and local officials. I also worked to support FEMA staff as they identified problems and worked collaboratively to implement solutions. I began by opening up the lines of communication, getting to know the Governor, state and local officials as well as others, and making myself known in the community. It is with that trust in hand that we were able to shift the focus from process to results and break many of the logjams to recovery.

Since then, we have been able to bring all of the parties together to work through outstanding issues and move several hundred projects forward that were left idle due to our collective inability to effectively communicate and trust one another. The LATRO goal is to help the states, local governments and communities speed up the recovery process by improving our ability to make and implement decisions.

Five years ago, Hurricane Katrina struck the Gulf Coast region, devastating 93,000 square miles and claiming more than 1,000 lives. Communities suffered, not just in Louisiana, but also in Texas, Alabama, Mississippi and Florida. While we cannot control the strength of a hurricane or any other natural disaster, we can control how we prepare for, protect against, respond to, recover from and mitigate such disasters. In the aftermath of Hurricanes Katrina and Rita, we witnessed failure in aspects at every level of government. However, over the past year and a half, this Administration, under the leadership of President Obama, Secretary Napolitano and Administrator Fugate, has demonstrated a fierce commitment to helping the Gulf Coast region rebuild.

Recovering from a disaster on the magnitude of Hurricane Katrina requires a team approach, and FEMA is only one part of the team. All members of the federal family, including the Department of Housing and Urban Development (HUD), the Army Corps of Engineers, the Department of Health and Human Services, the Department of Education and others, including state and local governments, the private sector, faith groups and non-profits, and ordinary citizens all have a role to play. Hurricane Katrina survivors and volunteers from around the country have been and continue to be the biggest contributors to the Gulf Coast's recovery.

I am here today to share with you some of the lessons we have learned throughout this process, and how we have applied those lessons to ensure that disaster-affected communities can heal faster and rebuild stronger. Over the past year and a half, we have launched new initiatives to speed up the recovery process, cutting through red tape and making sure that individuals, families and communities in need of assistance are able to get it. Our greatest asset throughout this process has been a commitment to building relationships and work with the communities we serve.

We still have work to do, but we are committed to doing that work, and to doing it right. As Administrator Fugate said last month in New Orleans on the fifth anniversary of Hurricane Katrina, rebuilding the Gulf Coast region is a marathon, not a sprint. Our ability to finish the race depends on the relationships we have built and the partnerships we have made. Going forward, I believe that working with our partners will continue to be our greatest tool in ensuring an effective and efficient recovery for Gulf Coast residents.

II. A New Attitude and a Fresh Approach to Recovery

In the years immediately following Hurricanes Katrina and Rita, many recovery projects were stalled due to disputes and the lack of an efficient means to settle them. A culture of formality and process prevailed over a focus on outcomes. In my opinion, FEMA staff was focused more on executing projects the way things have always been done, instead of exploring the full realm of options available.

We needed a change in both attitude and approach. We needed to communicate and start working together to use the law as a tool to serve communities.

The systems in place did not facilitate good communication with our state and local partners. For example, while FEMA Command Staff operated out of New Orleans, most of the state officials were in Baton Rouge, and we lacked a system for regular communication. Our ability to resolve disputes was hampered, and the pace and scale of recovery suffered as a result. We now have a larger FEMA Command staff presence in Baton Rouge, and we stay connected to state officials through weekly meetings to discuss evolving objectives and priorities.

We are continually working to improve the way we settle disputes. While we have a robust and effective appeals process, we also now employ alternative dispute resolution mechanisms, including negotiation, mediation and collaboration to facilitate decision-making. Our continued focus on the outcome over the process has been vital to our ability to move projects forward.

Review Panels

One of the most important changes we made is the way we approach the recovery process. We re-evaluated our own attitudes, so that we can be more proactive and better at identifying areas to improve our working relationships with State and local partners. An example of this shift is the establishment of two Public Assistance review panels, which help to expedite decisions on pending Public Assistance projects, and give us the opportunity to work closely with applicants

to resolve long-standing disputes. Created by Secretary Napolitano in 2009 in order to expedite final eligibility decisions for disputed projects, these review panels can help stalled projects to move forward. To date, these two panels have resolved 173 previously disputed cases.

Our ability to resolve these disputes is a result of the relationships we have built in the communities.

Arbitration Review Panels

In some cases, the dialogue facilitated by our review panels is not successful and we now have a tool to help us quickly resolve these public assistance disputes. Last year, Congress enacted legislation requiring FEMA to establish a new arbitration process to provide an independent adjudication of disputes arising from public assistance projects through a neutral panel of arbitrators. We have received 25 arbitration cases to date. Of these, the Civilian Board of Contract Appeals has issued five decisions in favor of the applicant, four decisions in favor of FEMA, and three decisions in which the applicant received a portion of its request. In addition, one case has been withdrawn and six have settled or are in the process of settling. Six cases remain open.

Public Assistance

FEMA has demonstrated a fierce commitment to helping Louisiana and the rest of the Gulf Region get back on its feet. One of the most important ways we do this is through our Public Assistance Program. Since January 2009, FEMA has obligated over \$2.55 billion in Public Assistance funding in Louisiana, including: \$1.62 billion in education; \$235 million in public works; \$177 million in public safety and protection; \$7.9 million in health care; \$428 million in public infrastructure; and \$83 million in debris removal and emergency protective measures. Over the past year and a half, Mississippi has received \$240.5 million in Public Assistance funding. This money is essential to rebuilding communities, and FEMA continues to fund projects that get children back to school, parents back to work, and cities back to providing essential public services through hospitals, fire departments, law enforcement, safe roads and clean water.

Recovery School District and Systemic Payments

Other legislative authorities have also helped us to directly assist affected communities. The Consolidated Appropriations Act of 2008 (PL 110-161) provides a statutory waiver of the alternate project penalty. For example, FEMA is now able to provide funding at 100 percent for educational facilities in Louisiana, known as the Recovery School District (RSD). This will allow RSD to restructure their school campuses without any reduction in Federal financial assistance. This past month, Administrator Fugate and Secretary Napolitano announced that a total of more than \$1.8 billion in funding would be obligated to RSD and the Orleans Parish School Board, in order to repair and replace public schools damaged by Hurricane Katrina. RSD will leverage eligible funds pertaining to 127 disaster-damaged campuses to a New Orleans Public School Master Plan that consolidates operations to 87 campuses, over the period of an estimated 8 years.

Our close coordination with the Recovery School District epitomizes the kind of outcome-based approach we have brought to the public assistance recovery process. By working to build a level of trust with the Recovery School District and the Louisiana Governor's Office of Homeland Security and Emergency Preparedness, we could eliminate delays by working with them in the same room, sharing notes and experts, rather than delaying progress by writing letters back and forth to one another and continuing to foster a divisive working relationship. I have placed great emphasis on our continued ability to build and sustain that trust. Moving forward, we will continue to look at our existing policies, in order to determine where we might have some flexibility to look at larger systems instead of reviewing projects on an individual basis.

Individual Assistance

Recovery funding also comes in the form of individual assistance, including helping disaster survivors with housing, crisis counseling, low interest loans, legal services and unemployment assistance. With respect to housing, FEMA has assisted 1,498,722 survivors of Hurricanes Katrina and Rita with some form of financial assistance, totaling nearly \$5.7 billion and making it the largest temporary housing operation in our nation's history. As of September 10, there were 655 Louisiana households and 168 Mississippi households still residing in FEMA-provided temporary housing units as a result of Hurricanes Katrina and Rita. Although over 99 percent of those originally housed by FEMA have now moved into longer-term housing, FEMA continues to work with HUD and our other federal, state and local partners to help the remaining individuals and families transition from FEMA temporary housing to longer-term housing that better meets their needs.

Fresh Approaches to Disaster Preparedness, Response and Recovery

This Administration continues to approach the work of preparedness, response and recovery with a fresh outlook, finding innovative ways to better support state and local officials, individuals, families and communities.

One of the ways we do this is by recognizing that recovering from a disaster on the scale of Hurricanes Katrina and Rita requires sustained and ongoing efforts. To that end President Obama asked Secretaries Donovan and Napolitano to chair the "Long-Term Disaster Recovery Working Group" in order to focus on the long-term effort of communities to rebuild after disasters. Earlier this year, the Working Group released a draft of the *National Disaster Recovery Framework*. The final Framework will be presented to the President later this year, once all of the public comments on the draft have been reviewed.

The Administration also recognizes the importance of all-inclusive planning to make sure that needs are met with respect to emergency planning, response and recovery efforts in the event of a catastrophic disaster. FEMA established both the Children's Working Group and the Disability Working Group in order to ensure that the unique needs of children and individuals with disabilities are included in our planning. In addition, we are proactively bringing diverse racial and ethnic communities to the table, including populations whose members speak limited English.

Internal Policy Review

One of Administrator Fugate's top priorities as FEMA Administrator has been to eliminate barriers to the efficient and effective delivery of assistance under the Public Assistance Program and Individual Assistance Program to disaster-impacted communities. In order to ensure that we are adequately meeting the needs of grant applicants, FEMA recently completed an aggressive review of all disaster assistance policies in the Public Assistance Division. The idea behind such an internal policy review is to allow for an appropriate use of the Stafford Act that maximizes our ability to streamline and enhance implementation of our programs. A similar review is currently being conducted in our Individual Assistance Division. This results-oriented approach will be essential to our work to help communities recover faster.

As a result of our Public Assistance review, FEMA has identified several matters that could improve the delivery of our services under the Public Assistance Program. FEMA is working with the Department and appropriate stakeholders to determine the best way to move forward with those ideas.

Since January 2010, FEMA has reviewed 84 disaster assistance policies, and has made several recommendations for the purpose of revising or rescinding policies, or converting them into fact sheets. By putting clear systems into place, we can help to ensure a results-oriented approach that will lead to better and faster service to affected communities. The next step in our continued effort to remove barriers to efficient and effective delivery of public assistance will be a bottom-up review of the Public Assistance Program. We look forward to sharing those results with this Subcommittee.

As an example, within the past month, FEMA completed a Standard Operating Procedure (SOP) in order to provide guidance on the process that FEMA staff will follow in order to effectively and efficiently transfer the responsibilities of an outgoing Public Assistance Project Specialist to an incoming Project Specialist. While transitions are often necessary, it became apparent that we must do a better job of ensuring operations are able to continue uninterrupted. As a result, the new SOP requires, among other things, a transition briefing, meetings with sub-grantees, and an overlap of at least five days during the transition period in order to ensure the proper transfer of responsibilities at the Joint Field Office (JFO). This new approach of communication and information-sharing will allow incoming Project Specialists to hit the ground running and reassure the State that the trust previously established will be maintained with the incoming staff and the lines of communication will remain open.

III. More Tools in our Toolbox

A fundamental shift in attitude and a focus on communication with our partners have allowed us to cut through red tape and get assistance to those who need it the most. But we have also benefitted greatly from the enactment of specific programs and policies that have helped to change the way we do business, and I would like to highlight a few examples for you.

Post-Katrina Emergency Management Reform Act (PKEMRA) of 2006

A major change made to FEMA in the aftermath of Hurricane Katrina was Congress' enactment of the Post-Katrina Emergency Management Reform Act (PKEMRA) of 2006. This law enabled FEMA to improve our own processes so that we can more quickly and efficiently provide assistance to the communities we serve. The law provided FEMA with more tools in our toolbox, allowing us to enhance operations, enable effective decision-making, and upgrade our response and recovery capabilities. I'd like to discuss just a few of the many PKEMRA provisions, as well as the ways in which FEMA's implementation of these provisions has helped us to better serve our communities.

PKEMRA created several provisions in order to prevent waste, fraud and abuse in the contracting and relief aid processes. To this end, FEMA implemented new software in 2007 that communicates real-time data to caseworkers in order to prevent duplicate housing payments. FEMA also implemented checks in the National Emergency Management Information System that trigger additional review for 'high-risk' recipients before assistance is delivered, in order to prevent potential fraud. These actions allow FEMA to balance the need to quickly provide disaster aid to victims with our responsibility to be good stewards of the Disaster Relief Fund.

FEMA has also greatly benefitted from the establishment of the National Advisory Council, which provides valuable advice on a number of initiatives early in the concept development phase in order to solicit feedback and gain stakeholder buy-in before initiatives are completed.

FEMA has implemented the PKEMRA requirements to establish a National Emergency Family Registry and Locator System and, separately, the National Emergency Child Locator Center, in conjunction with the Attorney General and the National Center for Missing and Exploited Children, to help displaced persons find their loved ones. We've worked with our partners to provide first aid, and education, as well as all-hazards preparedness training to children grades one through seven, caregivers, parents, and responders. The agency also supports team community emergency response training for high school students.

Moreover, PKEMRA has helped us to integrate the private sector into our preparedness, response and recovery efforts. In 2007, FEMA established a Private Sector Division of External Affairs, in response to recommendations in PKEMRA. Our Private Sector Division facilitates full engagement with business and industry, academia, non-profit and other non-governmental organizations as a key player in disaster preparedness, response and recovery.

Finally, PKEMRA enabled FEMA to strengthen its partnerships within the entire emergency management community through the establishment of both a small state and rural advocate and a national disability coordinator, whose office has subsequently been expanded to an Office of Disability Integration and Coordination.

These are just a few examples of the many ways in which the enactment and continued implementation of PKEMRA has strengthened our ability to help individuals, families and communities.

Special Community Disaster Loans

The Stafford Act authorizes FEMA to provide loans to local governments who have suffered a substantial loss of tax and other revenue as a result of a major disaster, and who have demonstrated a need for financial assistance in order to perform their governmental functions, through the Community Disaster Loan (CDL) Program. In response to Hurricanes Katrina and Rita, Congress provided additional funds but specified that these Special CDLs could not be cancelled. The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (PL 110-28) removed the prohibition on cancellation. Therefore, FEMA has the authority to cancel repayment of all or a part of an applicant's Special CDL if the "revenues of the local government during the three full fiscal year period following the major disaster are insufficient to meet the operating budget of the local government, including additional disaster-related expenses of a municipal operation character" (42 U.S.C. 5184(c)(1)).

When drafting the regulations to implement the cancellation process, FEMA gave applicants the flexibility to choose whether this three-year timeframe comprises the 36-month period beginning on September 1, 2005, or the 36 months of the applicant's fiscal year, whichever is most advantageous to the applicant.

We have completed our initial analysis of the financial information submitted by the applicants and met individually with each to personally review the documentation. Some applicants provided additional data that is being evaluated to ensure all relevant information is included in our eligibility analysis. As Administrator Fugate mentioned last month at a Senate field hearing in New Orleans, we are taking a second look at these remaining applications, and are working closely with applicants during this second round of analysis. The final determinations on cancellation eligibility will be made shortly. Upon completion of this process, we will report back to Congress to discuss how this authority was used and implemented.

IV. Conclusion

FEMA has learned valuable lessons from Hurricane Katrina and has taken steps to prepare for the next disaster. We were gratified by the results of a recent DHS Office of Inspector General report, which stated that FEMA is better prepared now than at any previous time in its history to handle a catastrophic disaster.¹ We will continue to build upon the significant progress that we have made to ensure that we are doing everything within our power to help communities prepare for, respond to, recover from and mitigate all major disasters.

We view the work of recovering from Hurricanes Katrina and Rita with a simple approach. First, we are here as partners. Second, we will work closely with disaster-affected communities to reach a common-sense outcome. Third, we will be both flexible and pragmatic as we work to facilitate much-needed recovery.

¹ Department of Homeland Security Office of Inspector General, "FEMA's Logistics Management Process for Responding to Catastrophic Disasters," OIG-10-101 (July 2010).

Thank you again for the opportunity to testify before you today on the lessons we have learned from Hurricanes Katrina and Rita, and how we have changed the way we do business in order to facilitate a faster, smarter and better recovery. We will continue to utilize a results-oriented approach with an emphasis on building strong partnerships and continually communicating with our partners. I am happy to answer any questions the Subcommittee may have.